



Legislative Council Staff

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Fiscal Note

Drafting Number:	LLS 23-0519	Date:	January 25, 2023
Prime Sponsors:	Rep. Lukens; Holtorf Sen. Roberts; Pelton R.	Bill Status:	House Trans. & Local Govt.
		Fiscal Analyst:	Shukria Maktabi 303-866-4720 shukria.maktabi@coleg.gov

Bill Topic: SUPPORT FOR RURAL TELECOMMUNICATIONS PROVIDERS

Summary of Fiscal Impact:	<input checked="" type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
	<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> Local Government
	<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

The bill extends funding from the High Cost Support Mechanism to rural telecommunications providers until September 2024. The bill impacts state revenue and workload from the current FY 2022-24 through FY 2023-24.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: The fiscal note reflects the introduced bill.

Summary of Legislation

Under current law, funding from the High Cost Support Mechanism (HCSM) to 11 rural telecommunication providers will end on December 1, 2023. This bill continues support funding for nine additional months, until September 1, 2024. This extension aligns the end of funding with the sunset review date of the HCSM by the Department of Regulatory Agencies (DORA).

Background

The Public Utilities Commission (PUC) in DORA provides financial assistance through the HCSM to support affordable and reliable telecommunication and broadband service in rural communities. This assistance is funded through surcharge paid by telecommunications providers and allocated via the HCSM, a TABOR-exempt fund administered by the PUC. The PUC may also allocate funds from the HCSM to the Broadband Fund, for use by the Broadband Deployment Board in the Office of Information Technology (OIT). The board issues grants providing access to broadband services in unserved areas.

State Revenue and Expenditures

The bill does not change the amount of revenue from the surcharge collected by the PUC. Beginning in the current FY 2022-23, allocations of the surcharge will continue to be awarded to 11 rural telecommunication providers supported by the HCSM, for nine additional months, through September 1, 2024 (FY 2023-24). The administrative effort by the PUC to continue disbursements is unchanged and require no additional appropriations.

Maintaining this allocation to rural providers, estimated at about \$3.5 million over the nine-month period, diverts an equal amount from the Broadband Fund, and potentially reduces broadband deployment grants provided by OIT; however, these changes do not require any change in appropriations.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State and Local Government Contacts

Counties

Local Affairs

Information Technology

Municipalities

Law

Regulatory Agencies